

BYLAWS
OF
YELLOWSTONE TOWNHOMES ASSOCIATION, INC.
(A TEXAS NONPROFIT CORPORATION)
HARRIS COUNTY, TEXAS

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**ARTICLE I
NAME**

1.01 **NAME.** The name of the organization shall be Yellowstone Townhomes Association, Inc., hereinafter called the "Association"

**ARTICLE II
DEFINITIONS**

2.01 **ACT.** "Act" shall mean the Texas Non-Profit Corporation Act or any successor act or laws.

2.02 **BOARD OF DIRECTORS.** "Board of Directors" shall mean the governing body of the Association with powers as set forth in Article VI herein.

2.03 **DECLARANT.** "Declarant" shall mean URBAN LOFTS XI, LTD., a Texas Limited Partnership, or its successors or assigns.

2.04 **DECLARATION.** "Declaration" shall mean the Yellowstone Townhomes Declaration of Covenants, Conditions, and Restrictions.

2.05 **DIRECTOR.** "Director" shall mean an individual designated by these By-Laws or a Member elected in accordance with these By-Laws to administer the affairs of the Association.

2.06 **MAJORITY OF MEMBERS.** "Majority of Members" shall mean those Members holding more than fifty percent (50%) of the votes entitled to be cast at a meeting duly called and convened, per Section 16.01 of the Bylaws.

2.07 **MEMBER.** "Member" shall mean an Owner of a Townhome.

2.08 **MORTGAGEE.** "Mortgagee" shall mean a person or entity that is listed as a beneficiary in a deed of trust granted by a Townhome Owner.

2.09 **OWNER.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome.

2.10 **PROPERTY.** "Property" shall mean and include the property described in Exhibit "A" attached hereto and incorporated by reference herein consisting of all Townhomes and all common areas and/or common elements, if applicable, together with all improvements and structures thereon and all rights, easements and appurtenances belonging thereto.

2.11 **TOWNHOME.** "Townhome" shall mean a lot or parcel of land with an individual dwelling unit built thereon and all appurtenances thereto including Improvements thereon.

**ARTICLE III
OFFICES**

3.01 **PRINCIPAL ADDRESS.** The Association's principal office in Texas shall be located at PO BOX 300243, Houston, Texas 77230 The Association may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Association.

3.02 **REGISTERED OFFICE AND REGISTERED AGENT.** The Association will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors may change the registered office and the registered agent as permitted in the Texas Non-Profit Association Act.

**ARTICLE IV
MEMBERS**

4.01 **MEMBERSHIP.** Any person, firm, corporation, or other entity on becoming an Owner of a Townhome shall automatically become a Member of this Association and be subject to the Articles of Incorporation, these By-Laws, the Covenants, Conditions, and Restrictions, and all rules and regulations duly adopted in connection therewith, provided however that multiple Owners of a Townhome shall collectively be deemed to be a single member and such membership shall not be divided.

4.02 **CERTIFICATES OF MEMBERSHIP.** No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) membership card per Member. Such membership card shall be surrendered to the Secretary of the Association whenever ownership of title to the Townhome designated thereon is terminated.

4.03 **VOTING RIGHTS.** Townhome ownership shall entitle the Owner(s) to cast one (1) vote per Townhome in the affairs of the Association. Voting shall not be split among more than one (1) Owner of a Townhome.

4.04 **TERMINATION OF MEMBERSHIP.** Membership shall terminate without any formal Association action at such time that such person or persons or entity ceases to own such Townhome. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred wider or in any way connected with the Association, the Property or his Townhome during the period of such Ownership and Membership in this Association, or impair any rights or remedies which the Association or others may have against such former Owner and Member arising out of or in any way connected with such Ownership and Membership and the covenants and obligations incident thereto.

ARTICLE V
MEETINGS OF MEMBERS

5.01 **ANNUAL MEETING.** Annual meetings shall be held once a year each year, the date, time, and place to be set by the Board of Directors. The Board of Directors may, however, elect to schedule the Annual Meeting at such other time as the Board of Directors shall determine. At the annual meeting, the Members will elect directors and transact any other business that may come before the meeting. If, in any year, the election of Directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors will call a Special Meeting of the Members, as soon as possible, to elect Directors.

5.02 **SPECIAL MEETINGS.** It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by at least one-third (1/3) of the Members and presented to the Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

5.03 **NOTICE OF MEETINGS.** Written or printed notice of any Members' meeting, including the annual meeting, will be delivered to each Member entitled to vote at the meeting not less than ten (10) days, nor more than forty-five (45) days, before the date of the meeting. The record date for determining the Members entitled to notice of any meeting of Members will be established by the Board of Directors according to Article 1392.IIA of the Act. After fixing the record date, the Board of Directors will cause to be prepared a list of all Members entitled to notice of any meeting of Members. Notice will be given by or at the direction of the President or Secretary, or the officers or persons calling the meeting. If all of the Members meet and consent to holding a meeting, any Association action may be taken at the meeting regardless of lack of proper notice.

5.04 **QUORUM.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of a Majority of Members shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if enough Members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Members required for a quorum. If the required quorum is not present at any meeting called to act on any matter, the meeting may be recessed to be reconvened at a later date, subject to the notice requirement set forth above, and the required quorum at any such subsequent resumption of such meeting shall be one-half (1/2) of the required quorum at the preceding meeting, except that such reduction in the quorum requirements shall not be applicable if the subsequent meeting is held more than sixty (60) days following the preceding meeting.

5.05 **PROXIES.** A Member entitled to vote at a meeting of Members of the Association may vote proxy. All proxies must be in writing, bear the signature of the Member giving the proxy, and must specify the date on which they are executed. No proxy is valid after 11 months from the date of its execution, unless the proxy specifically states a later date. Proxies are not

valid if they purport to be valid to an indefinite date in the future or if they purport to be valid for more than five years from their date of execution.

5.06 **VOTING BY MAIL.** The Board of Directors may authorize Members to vote by mail or electronic mail (email) on the election of Directors and Officers or on any other matter upon which the Members may vote. Electronic mail voting can only be activated under condition that the mechanism employed by the Association complies with the Bylaws' Notice requirements and produces auditable, secure, and confidential results.

5.07 **DECLARANT CONTROL.** Notwithstanding any provision herein to the contrary, and in accordance with the Declaration, Declarant shall retain control over management of the affairs of the Association until the later of (i) the sale of seventy-five percent (75%) of the Townhomes situated or to be situated upon the Property, or (ii) when in the sole opinion of the Declarant the management of the Property and the Association is viable and self-supporting.

ARTICLE VI BOARD OF DIRECTORS

6.01 **MANAGEMENT OF ASSOCIATION.** The Board of Directors will manage all Association affairs.

6.02 **NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) persons. The Board of Directors may be increased to more than three (3) Directors upon a vote of a Majority of Members. The following persons are designated as the initial Board of Directors and shall manage the affairs of the Association until their successors are elected, to-wit:

NAME	ADDRESS
Sherry F. Davis	4512 Montrose Boulevard Houston, Texas 77006
Larry S. Davis	4512 Montrose Boulevard Houston, Texas 77006
Joel Davis	4512 Montrose Boulevard

6.03 **POWERS AND DUTIES.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. The Board of Directors may do all such acts and things that are not by these By-Laws, the Declaration, the Texas Property Code, the Act, or other applicable law, rule or regulation directed to be exercised and done by the Members.

6.04 **OTHER POWERS AND DUTIES.** Without limitation of the powers and duties of the Board of Directors set forth in Section 6.03 above, the Board of Directors shall have the following powers and duties:

- A. To administer and enforce on behalf of the Association the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration.
- B. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of the Property and the Association. (A copy of such rules and regulations shall be delivered or mailed to each Member promptly upon the adoption thereof.)
- C. To keep in good order, condition and repair all of the General and Limited Common Areas (if any) and all items of personal property used in the enjoyment of the Property.
- D. To insure and keep insured all of the insurable Common Areas of the Property in an amount equal to their replacement value, as provided in the Declaration; further to obtain and maintain comprehensive liability insurance covering the Property in amounts as may be determined by the Board of Directors; To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of Townhomes and their Mortgagees.
- E. To fix, determine, levy and collect the assessments to be paid by each of the Members; and by majority vote of the Board of Directors to adjust, decrease or increase the amount of the assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.
- F. To collect delinquent assessments in accordance with law, including (if legally permitted) by non judicial foreclosure, suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these By-Laws.
- G. To protect and defend the Property from loss and damage by suit or otherwise.
- H. To enter into contracts within the scope of their duties and power.
- I. To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.
- J. To keep and maintain full and accurate books and records showing all of the receipts, expenses and disbursements and to permit examination thereof at any reasonable time by each of the Members and any Mortgagee of a Townhome and if so determined by the Board of Directors, to cause a complete audit of the books and accounts by a competent certified public accountant.

- K. To meet at least once each quarter, unless the Board determines by Majority vote to meet less frequently, but in any event, at least once per year.
- L. To designate the personnel necessary for the maintenance and operation of the General and Limited Common Areas.
- M. In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of the Property.

6.05 **ELECTION AND TERM OF OFFICE.** At the first annual meeting of the Association, Directors shall be elected for a term of office fixed at one (1) year. Additional Directors added to the Board pursuant to Section 6.02 shall be elected at the next annual meeting of Members unless otherwise determined by majority vote at a duly called and conveyed meeting of the Members. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of one (1) year, provided however that the persons acting as Directors shall hold office until their successors have been elected and hold their first meeting.

6.06 **VACANCIES.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

6.07 **REMOVAL OF DIRECTORS.** At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a Majority of Members, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by any Member shall be given an opportunity to be heard at the meeting. Any director who fails to attend two (2) consecutive Board of Directors meetings for which he was properly noticed (without a medical excuse or other reason deemed reasonable by the remaining Directors), may be removed by the Board of Directors and a successor elected by the Board of Directors.

6.08 **NOMINATING DIRECTORS.** At any meeting at which the election of a Director is held, any Member may nominate a person with the second of any other Member.

6.09 **ELECTING DIRECTORS.** A person who has been duly nominated may be elected as a Director. Directors will be elected by the vote of a Majority of those Members present at a meeting in person or by proxy. A Director may be elected to succeed himself or herself as Director. Directors will be elected at the annual meeting of the Members.

6.10 **REGULAR MEETINGS.** The Board of Directors shall provide for regular meetings by resolution stating the time and place of such meetings. The meetings will be held at the Association's registered office in Texas if the resolution does not specify the location of the meetings. No notice of regular Board of Directors meetings is required other than a Board of Directors resolution stating the time and place of the meetings.

6.11 **SPECIAL MEETINGS.** Special Board of Directors meetings may be called by, or at the request of, the President or any two Directors. The person or persons calling a special meeting will inform the Secretary of the Association of the information to be included in the notice of the meeting. The Secretary of the Association will give notice to the Directors as these Bylaws require.

6.12 **NOTICE.** Written or printed notice of any special meeting of the Board of Directors will be delivered to each Director not less than seven (7) days, nor more than thirty (30) days, before the date of the meeting. The notice will state the place, day, and time of the meeting; who called it; and the purpose or purposes for which it is called.

6.13 **WAIVER OF NOTICE.** Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

6.14 **QUORUM.** A majority of the number of Directors then in office constitutes a quorum for transacting business at any Board of Directors meeting. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even though Directors may leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the Directors present may recess and reconvene the meeting once with notice to all Directors.

6.15 **ACTIONS OF BOARD OF DIRECTORS.** The vote of a majority of Directors present and voting at a meeting at which a quorum is present shall constitute the act of the Board of Directors, unless the act of a greater number is required by Law or by other provision of these Bylaws. A Director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the Board of Directors' decision. For the purpose of determining the decision of the Board of Directors, a Director who is represented by proxy in a vote is considered present.

6.16 **PROXIES.** A Director may vote by proxy. All proxies must be in writing, must bear the signature of the Director giving the proxy, and must bear the date on which the proxy was executed by the Director. No proxy is valid after three (3) months from the date of its execution.

6.17 **COMPENSATION.** Directors may not receive salaries for their services, unless approved by a Majority of the Members. Provided however, that Directors shall be reimbursed for reasonable expenses incurred in their capacities as Directors of the Association.

6.18 **FIDELITY BONDS.** The Board of Directors may require that all Officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

ARTICLE VII
OFFICERS

7.01 **OFFICER POSITIONS.** The Association's officers will be a President, Vice-President who shall act in the absence of the President, Secretary, Treasurer, and up to three Officer-at-Large positions, all of whom shall be elected by the Board of Directors. The same person may hold any two or more offices and any officer may also be a Director.

7.02 **TERM OF OFFICE.** Each officer will hold office for a term of one (1) year or until a successor is duly selected and qualifies, whichever is later. An officer may be elected to succeed himself or herself in the same office.

7.03 **REMOVAL.** Any officer elected by the Board of Directors may be removed by the Board of Directors with or without cause.

7.04 **VACANCIES.** The Board of Directors shall select a person to fill a vacancy in any office for the unexpired portion of the officer's term.

7.05 **PRESIDENT.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association. He shall have all the general powers and duties which are usually vested in the office of president of a non-profit corporation in the State of Texas, including, but not limited to, the power to appoint committees from among the Members, Officers or Directors to assist in the administration of the affairs of the Association. The President performs the monthly Association billing exercise on at least three occasions per fiscal year, according to agreed-upon rotating schedule. The President has shared access to the Association PO Box with the Secretary.

7.06 **VICE-PRESIDENT.** When the President is absent, cannot act, or refuses to act, a vice president shall perform the president's duties. When acting in the President's place, the Vice-President has all the powers of, and is subject to all the restrictions on the President. A Vice-President shall perform other duties as assigned by the President or the Board of Directors. The Vice-President performs the monthly Association billing exercise on at least three occasions per fiscal year, according to agreed-upon rotating schedule.

7.07 **SECRETARY.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary. The Secretary shall maintain, update, and publish all Association Bylaws, policies, procedures, and other such documentation. The Secretary has shared access to the Association PO Box with the President. The Secretary performs the monthly Association billing exercise on at least two occasions per fiscal year, according to agreed-upon rotating schedule.

7.08 **TREASURER.** The Treasurer shall disburse funds as directed by resolution of the Board of Directors provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits

of a budget adopted by the Board of Directors and approved by the Association, including authority to: keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the Members at the annual meeting; take all necessary actions to ensure the preparation of the annual tax filings for the Association, and perform all other duties assigned to him by the Board of Directors.

7.09 **OFFICER-AT-LARGE - COMMUNICATIONS.** The Officer-at-Large - Communications shall serve as the inbound and outbound Association communications lead. Scope of activity includes preparing and issuing Association mailings, and configuring and managing the toll-free phone line greeting and menu system. The Officer-at-Large - Communications performs the monthly Association billing exercise on at least two occasions per fiscal year, according to agreed-upon rotating schedule.

7.10 **OFFICER-AT-LARGE - OWNERSHIP.** The Officer-at-Large - Ownership shall keep up to date a complete list of Members, Officers and Directors and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect such list as a report within a reasonable amount of time. The Officer-at-Large - Ownership performs the monthly Association billing exercise on at least two occasions per fiscal year, according to agreed-upon rotating schedule.

**ARTICLE VIII
MANAGEMENT CONTRACT**

8.01 **MANAGEMENT COMPANY.** The Board of Directors may enter into a management agreement with a management company at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these By-Laws, the management company shall have, but shall not be limited to, the following: functions, duties and responsibilities:

A. Fiscal Management

- (1) Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures.
- (2) Prepare sinking fund reserve budget projections for capital expenditures on items recurring only periodically, i.e., painting, etc., for Common Areas.
- (3) Prepare monthly operating and cash position statements and statements concerning sinking fund reserve accounts.
- (4) Analyze and compare operating receipts and disbursements against the Board of Directors-approved budget. Suggest corrective recommendations, if applicable.
- (5) Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board of Directors and maintain comprehensive records thereof. Establish individual checking and sinking fund reserve accounts, as directed by the Board of Directors.
- (6) Mail notices of delinquency to any Member in arrears, and exert reasonable, legal effort to collect delinquent accounts.
- (7) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement.
- (8) Prepare year-end statement of operations for Members.

B. Physical Management

- (1) Assume full responsibility for maintenance and control of Common Area improvements and equipment, including all sanitary, storm sewer, and potable water service lines. Maintain the Property in constant repair to reflect Owner pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors.

(2) Enter into contracts and supervise services for landscaping care, refuse hauling, maintenance, etc., as approved operating budgets.

(3) Select, train and supervise competent personnel, as directed by the Board of Directors.

(4) Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to ensure that work is performed according to specifications.

(5) Perform any other projects with diligence and economy in the Association's best interests.

C. Administrative Management

(1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.

(2) Obtain and analyze bids for insurance coverage specified in By-Laws, recommend modifications or additional coverages. Prepare claims when required and follow upon payment; act as Board of Directors' representative in negotiating settlement.

(3) Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.

(4) Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.

(5) Exercise close supervision over hours and working conditions of employed personnel to insure compliance with Wage and Hour and Workman's Compensation Laws.

(6) Assist in resolving individual Member's or Occupant's problems as they pertain to the Association, Common Areas and governing rules and regulations.

(7) Represent an absentee Owner when requested.

(8) Administer the Project in such a way as to promote a pleasant and harmonious relationship within the complex for all Members, Residents and Tenants alike.

ARTICLE IX
BOOKS AND RECORDS

9.01 **REQUIRED BOOKS AND RECORDS.** The Association will keep correct and complete books and records of account. The books and records include:

A. A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Association, including but not limited to the Articles of Incorporation, and any Articles of Amendment, Restated Articles, Articles of Merger, Articles of Consolidation, and Statement of Change of Registered Office or Registered Agent.

B. A copy of all bylaws, including these Bylaws, and any amended versions or amendments to them.

C. Minutes of the proceedings of the Members and Board of Directors.

D. A list of the names and addresses of the Members, Directors, and Officers of the Association.

E. A financial statement showing the Association's assets, liabilities, and net worth at the end of the three (3) most recent fiscal years.

F. A financial statement showing the Association's income and expenses for the three (3) most recent fiscal years.

G. All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.

H. The Association's federal, state, and local tax information or income-tax returns for each of the Association's three (3) most recent tax years.

9.02 **ANNUAL STATEMENT.** The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any Mortgagee of a Townhome, on request, within ninety (90) days following the fiscal year end.

9.03 **INSPECTION AND COPYING.** Any Member, Director or Officer of the Association may by written request inspect and receive copies of all the corporate books and records required to be kept under the bylaws. He or she may do so through his or her attorney or other duly authorized representative. The inspection may take place at a reasonable time, no later than five (5) working days after the Association receives a proper written request. The Board of Directors may establish reasonable copying fees, which may cover the cost of materials and labor. The Association will provide requested copies of books or records no later than five (5) working days after receiving a proper written request.

9.04 **AUDITS.** Any Member may have an audit conducted of the Association's books. That Member shall bear the expense of the audit unless the Members vote to authorize payment or reimbursement of audit expenses. The Member requesting the audit may select the accounting firm to conduct it. A Member may not exercise these rights so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE X FISCAL YEAR

10.01 **FISCAL YEAR.** The Association's fiscal year of the Association will begin on the first day of January and end on the last day in December in each year, unless otherwise determined by the Board of Directors.

ARTICLE XI INDEMNIFICATION

11.01 **INDEMNIFICATION.** The Association shall indemnify every Director or Officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding which he may be made a party by reason of his being or having been a Director or Officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article XI shall be deemed to obligate the Association to indemnify any Member, who is or has been a Director or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Townhome covered thereby.

11.02 **LIABILITY INSURANCE.** The Board of Directors may obtain for the Association, as a common expense, policies of Directors and Officers Liability Insurance to fund this provision in the event of a loss.

ARTICLE XII NOTICES

12.01 **MANNER OF NOTICE.** Any notice required or permitted by these Bylaws to be given to a Member, Director or officer of the Association may be given by mail, personal delivery, or electronic mail (email). If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the corporate records, with

postage prepaid. A person may change his or her address or facsimile number in the Association records by giving written notice of the change to the Secretary of the Association.

12.02 **SIGNED WAIVER OF NOTICE.** Whenever any notice is required by law or under the Articles of Incorporation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

12.03 **WAIVING NOTICE BY ATTENDANCE.** A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XIII SPECIAL PROCEDURES CONCERNING MEETINGS

13.01 **MEETING BY TELEPHONE.** The Board of Directors may hold a meeting by teleconference, whether using telephone and/or web conference (ex: WebEx, Join.Me, Intercall, etc.) In all teleconference meetings, matters must be arranged in such a manner that all persons participating in the meeting can hear each other; the notice of a teleconference meeting must state the fact that the meeting will be held using teleconference technology as well as all other matters required to be included in the notice; and a person's participating in a conference call meeting constitutes his or her presence at the meeting.

13.02 **DECISION WITHOUT MEETING.** Any decision required or permitted to be made at a meeting of the Board of Directors may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all the persons entitled to vote on the matter. The original signed consents will be placed in the Association minute book and kept with the Association records. Furthermore, in accordance with the Articles of Incorporation, action may be taken without a meeting when there are signed written consents by the number of Directors whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must be signed and bear the date of signature of the person signing it. A telegram, telex, cablegram, or similar transmission by a Director or a photographic, facsimile, or similar reproduction of a signed writing, will be treated as an original being signed by the Director. Consents must be delivered to the Association. A consent signed by fewer than all Directors is not effective to take the intended action unless the required number of consents are delivered to the Association within sixty (60) days after the date that the earliest-dated consent was delivered to the Association. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Association's registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an Officer or agent having custody of books in which the relevant proceedings are recorded. If the delivery is made to the Association's principal place of business, the consent must be addressed to the President. The Association will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the Secretary of State, the filed documents will indicate that these written consent procedures were followed to authorize the action and filing.

13.03 **PROXY VOTING.** A person authorized to exercise a proxy may not exercise the proxy unless it is delivered to the officer presiding at the meeting before the business of the meeting begins. The Secretary or other person taking the minutes of the meeting will record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy will not be effective for that meeting. A proxy filed with the secretary of the Association or other designated officer remains in force until the first of the following occurs:

- A. An instrument revoking the proxy is delivered to the secretary or other designated officer.
- B. The proxy authority expires under the proxy's terms.
- C. The proxy authority expires under the terms of these Bylaws.

ARTICLE XIV AMENDING BYLAWS

14.01 **WHO MAY AMEND.** Subject to Section 14.02 below, these Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted either by a vote of a Majority of Members or the Board of Directors. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new Bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions.

14.02 **AMENDMENT BY MEMBERS.** The following types of bylaw amendments may be adopted only by a vote of a Majority of Members:

- A. Setting or changing the authorized number of Directors.
- B. Changing from a fixed number to a variable number of Directors or vice versa.
- C. Increasing or extending the Directors' terms.
- D. Increasing or decreasing the quorum for Membership meetings.
- E. Repealing, restricting, expanding, or otherwise changing the Members' proxy rights.
- F. Authorizing cumulative voting.

ARTICLE XV
MORTGAGES

15.01 **NOTICE TO ASSOCIATION.** An Owner who grants a deed of trust to his Townhome shall notify the Association giving the name and address of the Mortgagee.

15.02 **NOTICE OF UNPAID ASSESSMENTS.** The Association shall, at the request of a Mortgagee of a Townhome, report any unpaid assessments due from the Owner of such Townhome.

ARTICLE XVI
OBLIGATIONS OF MEMBERS

16.01 **ASSESSMENTS.** All Members shall be obligated to pay the monthly assessments imposed by the Association to meet the Common Expenses as defined in the Declaration. The assessments shall be made uniform per lot and shall be due monthly in advance, unless otherwise determined by the Board of Directors. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Townhome owed by him.

16.02 **COMPLIANCE WITH DECLARATION; COOPERATION.**

- A. Each Member shall comply strictly with the provisions of the Declaration.
- B. Each Member shall always endeavor to observe and promote the cooperative purposes for which the Property was constructed and developed.

16.03 **USE OF GENERAL COMMON AREAS AND LIMITED COMMON AREAS.** Each Member may use the General Common Areas and the Limited Common Areas in common with all other Members and their respective Tenants and/or Occupants and in accordance with the purposes for which they were intended.

ARTICLE XVII
OBLIGATIONS OF MEMBERS

17.01 **NON-PROFIT PURPOSE.** This Association is organized not for profit. No Member, Officer, Director or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or insure to the benefit of any Member, Officer or Director; provided, however, that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVIII
MISCELLANEOUS PROVISIONS

18.01 **LEGAL AUTHORITIES GOVERNING CONSTRUCTION OF BYLAWS.** These Bylaws will be construed under and in accordance with the law of the State of Texas. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

18.02 **LEGAL CONSTRUCTION.** To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit Associations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

18.03 **HEADINGS.** The headings used in the Bylaws are for convenience and may not be considered in construing the Bylaws.

18.04 **NUMBER.** All singular words include the plural, and all plural words include the singular.

18.05 **SEAL.** The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "YELLOWSTONE TOWNHOMES ASSOCIATION, INC." in one circle and the word "Incorporated" together with the date of incorporation in the other circle. Absence of a seal on any document shall not render said document invalid or unenforceable in any respect.

18.06 **POWER OF ATTORNEY.** A person may execute any instrument related to the Association by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary to be kept with the Association records.

18.07 **PARTIES BOUND.** These Bylaws will bind and inure to the benefit of the Members, Directors, Officers, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the Bylaws otherwise provide.

[Certificate of Secretary to follow]

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the By-Laws of Yellowstone Townhomes Association, Inc., a Texas non-profit corporation, as adopted by the Board of Directors by a vote called on the 20th of April of 2017 and collected electronically until the 30th of April of 2017.

IN WITNESS WHEREOF, I hereunto set my hand, this the 30th day of April, 2017.

Signature: *Bassim Oshiba*
Name: Bassim Oshiba
Title: Secretary

EXHIBIT "A"

PROPERTY DESCRIPTION

A tract or parcel containing 3.7340 acres or 162,654 square feet of land, situated in the D.W.C. Harris Survey, abstract no. 325, Harris County, Texas, being out of and a part of unrestricted reserves "A" and "B" of Clinton Townsite, block 12, section one, map or plat thereof recorded in vol. 344, pg. 100, of the Harris County map records, being that same called 3.7400 acre tract of land conveyed to Eastern Horizon Development, LLC, in that certain warranty deed filed for record under Harris County clerks file no. U-777793, with said 3.7340 acres being more particularly described by metes and bounds as follows:

Beginning at a 5/8 inch iron rod set on the southerly right of way line of Yellowstone Street, based on H.C.C.F. No. E-647610, marking the northwest cutback corner at the intersection of the southerly right of way line of said Yellowstone Street, with the westerly right of way line of state highway 288 (A.K.A. South Freeway) as described in H.C.C.F. No. E-647610, for the most northerly northeast corner of the herein described tract, from which a 1-1/4 inch iron pipe bears for reference south 22 deg. 38 min. west, 5.0 feet;

Thence south 34 deg. 21 min. 23 sec. East, along and with said cutback, a distance of 16.12 feet to a 5/8 inch iron rod set marking the southeast cutback corner at said intersection and the most easterly northeast corner of the herein described tract;

Thence south 09 deg. 02 min. 35 sec. West, along and with the said westerly right of way line of State Highway 288, a distance of 114.82 feet to a 5/8 inch iron rod set marking an angle point, from which a 1 inch iron pipe found for reference bears south 25 deg. 38 min. west, 2.5 feet;

Thence south 05 deg. 38 min. 17 sec. West, continuing along said westerly right of way line, a distance of 190.74 feet to a 5/8 inch iron rod set marking an angle point, from which a 1 inch iron pipe found bears for reference south 36 deg. 13 min. west, 3.3 feet;

Thence south 08 deg. 34 min. 53 sec. West, continuing along said westerly right of way line, a distance of 157.54 feet to a 5/8 inch iron rod set marking the southeast corner of the said called 3.7400 acre tract and of the herein described tract, from which a 1 inch iron pipe bears for reference north 75 deg. 12 min. west, 1.7 feet;

Thence north 75 deg. 11 min. 58 sec. West, along and with the southerly line of the said called 3.7400 acre tract, a distance of 364.31 feet to a 5/8 inch iron rod set on the easterly right of way line of Ardmore Street, (based on a width of 80 feet), marking the southwest corner of the said 3.7400 acre tract and of the herein described tract, from which a 1 inch iron pipe found for reference bears north 75 deg. 12 min. 0.9 feet;

Thence North 14 deg. 43 min. 40 sec. East, along and with the easterly line of said Ardmore Street, a distance of 507.60 feet to a 5/8 inch iron rod set on the southerly right of way line of said Yellowstone Street, marking the northwest corner of the herein described tract;

Thence south 67 deg. 50 min. 57 sec. East, along and with the southerly right of way line of Yellowstone Street, a distance of 296.24 feet to the Point of Beginning and containing 3.7340 acres or 162,654 square feet of land.

**EXHIBIT B
REVISION HISTORY**

<u>RELEASE</u>	<u>DATE</u>	<u>SECTION</u>	<u>CHANGE TYPE</u>
INITIAL RELEASE	2005-03-15		
REVISION 1	2017-04-30		
		2.06	AMENDMENT
		3.01	UPDATE
		5.01	AMENDMENT
		5.03	AMENDMENT
		5.06	AMENDMENT
		7.01	AMENDMENT
		7.05	AMENDMENT
		7.06	AMENDMENT
		7.07	AMENDMENT
		7.08	AMENDMENT
		7.09	AMENDMENT
		7.10	AMENDMENT
		9.02	AMENDMENT
		12.01	AMENDMENT
		13.01	AMENDMENT
		15.01	AMENDMENT
		CERTIFICATE	UPDATE